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WHAT IS CLAIMED IS:

1. A method for processing a video signal, comprising: receiving (405) a series of image frames (F_n) ; decomposing (410) each frame into multiple bands;

filtering (415) each image frame to produce an extended reference frame (210) corresponding to each image frame (202,204,206,208), the extended reference frames together comprising a group of frames, the group of frames being arranged in a circularly-referential structure; and

partitioning (430) each band of each extended reference frame (210) into multiple range blocks and domain blocks A'_{j} , each range block being predicted by a domain block of the circularly previous extended reference frame in the group of frames.

- 2. The method of claim 1, wherein the filtering is a complete-to-overcomplete interpolation filter.
- 3. The method of claim 1, wherein each domain block (A) is larger than the corresponding range block (B).
- 4. The method of claim 1, wherein each domain block (A) is at least four times larger than the corresponding range block (B).
 - 5. The method of claim 1, wherein the process is repeated.
- 6. The method of claim 1, wherein each extended reference frame (210) includes phase-shifted coefficients of the corresponding image frame (204,206,208).
- 7. The method of claim 1, further comprising applying MC-DCT coding to a subset of subbands, of the multiple bands, of the wavelet decomposition to allow the backward compatibility to a conventional video coding standard.

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- 8. The method of claim 1, wherein a part of sub-bands of the multiple bands are used to satisfy different sets of display sizes.
- 9. The method of claim 1, wherein the iteration number is determined by a decoder to satisfy the complexity constraint of the decoder.
- 10. A video processing system comprising a video decoding controller, the controller operable to receive (405) a series of image frames (F_n), decompose (410) each frame into multiple bands; filter (415) each image frame to produce an extended reference frame (210) corresponding to each image frame (202,204,206,208), the extended reference frames together comprising a group of frames, the group of frames being arranged in a circularly-referential structure, and partition (430) each band of each extended reference frame (210) into multiple range blocks and domain blocks A_j^i , each range block being predicted by a domain block of the circularly previous extended reference frame in the group of frames.
- 11. The video processing system of claim 10, wherein the filtering is a complete-to-overcomplete interpolation filter.
- 12. The video processing system of claim 10, wherein each domain block block (A) is larger than the corresponding range block (B).
- 13. The video processing system of claim 10, wherein each domain block block (A) is four times larger than the corresponding range block (B).
- 14. The video processing system of claim 10, wherein the controller performs the functions iteratively.
- 15. The video processing system of claim 10, wherein each extended reference frame (210) includes phase-shifted coefficients of the corresponding image frame (204,206,208).

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- 16. The video processing system of claim 10, wherein the controller is futher operable to apply MC-DCT coding to a subset of subbands, of the multiple bands, of the wavelet decomposition to allow the backward compatibility to a conventional video coding standard.
- 17. The video processing system of claim 10, wherein a part of sub-bands of the multiple bands are used to satisfy different sets of display sizes.
- 18. The video processing system of claim 10, wherein the iteration number is determined by the controller to satisfy a complexity constraint of the controller.
- 19. A computer program product tangibly embodied in a computer-readable medium, comprising:

instructions for receiving (405) a series of image frames (F_n); instructions for decomposing (410) each frame into multiple bands; instructions for filtering (415) each image frame to produce an extended reference frame (210) corresponding to each image frame (202,204,206,208), the extended reference frames together comprising a group of frames, the group of frames being arranged in a circularly-referential structure; and

instructions for partitioning (430) each band of each extended reference frame (210) into multiple range blocks and domain blocks A'_{j} , each range block being predicted by a domain block of the circularly previous extended reference frame in the group of frames.

- 20. The computer program product of claim 19, wherein the filtering is a complete-to-overcomplete interpolation filter.
- 21. The computer program product of claim 19, wherein each domain block (A) is larger than the corresponding range block (B).
- 22. The computer program product of claim 19, wherein each domain block (A) is four times larger than the corresponding range block (B).

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- 23. The computer program product of claim 19, wherein the process is repeated.
- 24. The computer program product of claim 19, wherein each extended reference frame (210) includes phase-shifted coefficients of the corresponding image frame (204,206,208).
- 25. The computer program product of claim 19, further comprising instructions for applying MC-DCT coding to a subset of subbands, of the multiple bands, of the wavelet decomposition to allow the backward compatibility to a conventional video coding standard.
- 26. The computer program product of claim 19, wherein a part of subbands of the multiple bands are used to satisfy different sets of display sizes.
- 27. The computer program product of claim 19, wherein the iteration number is determined by a decoder to satisfy the complexity constraint of the decoder.